

*A discussion with the  
California Government's  
Executive Leaders*



# ***Principles for Innovative Knowledge Management***

*Creating compelling client value*

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# Innovation is the Source

**Innovation =  
Growth and Prosperity =  
Quality of Life**

# What Makes a Silicon Valley?

*The rest of the world is striving to create more "Silicon Valleys" to promote innovation*



**Talent**  
Universities  
K-12  
Immigration

**Research Infrastructure**  
Universities  
Research organizations

**International Industry Clusters**

**Government Policy**

**Support Infrastructure**  
Weather and location  
Transportation and energy  
Communications

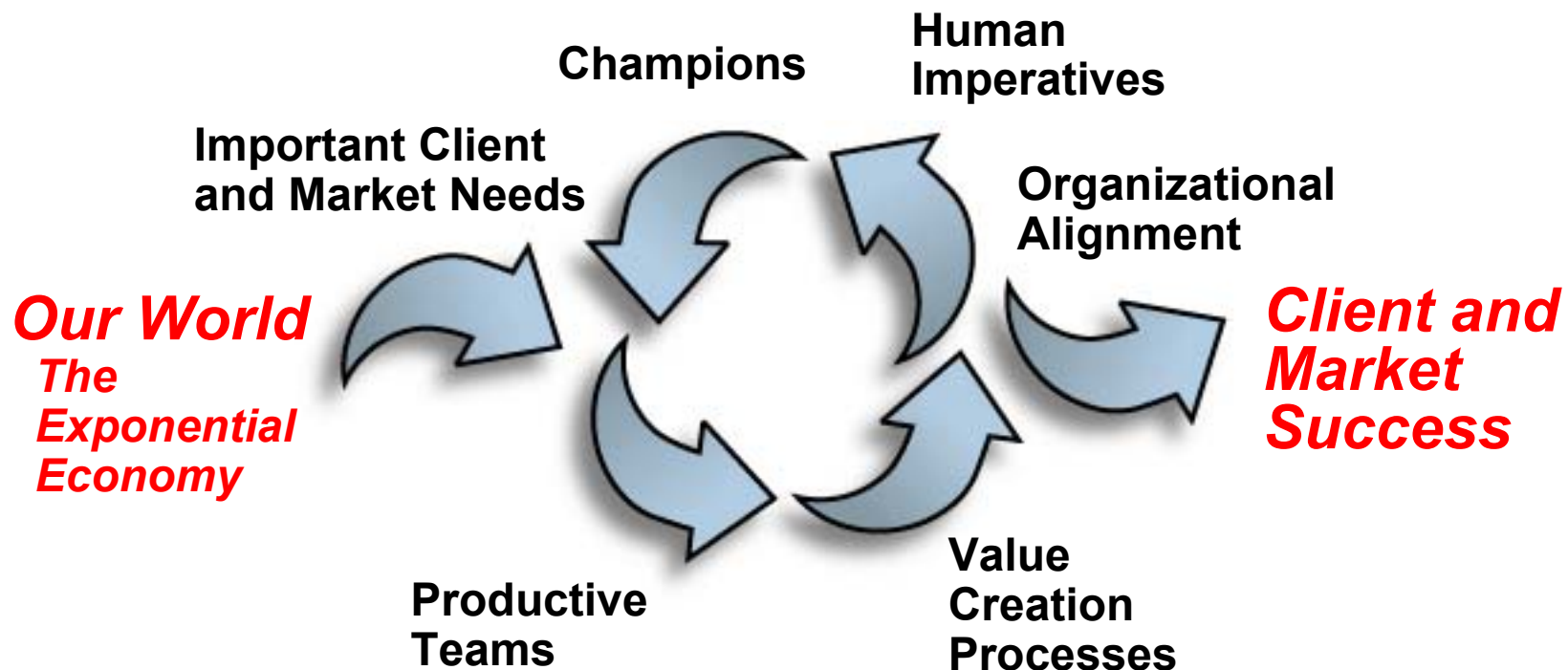
**Innovation Infrastructure**  
Venture community  
Technical and legal services

# What are the Government's Goals?

- Delight stake holders and clients
  - Provide essential services
  - Be the most productive in class
  - Hire and retain the best people
- Create a safe, attractive environment
- Create an infrastructure that is the standard for high-value innovation

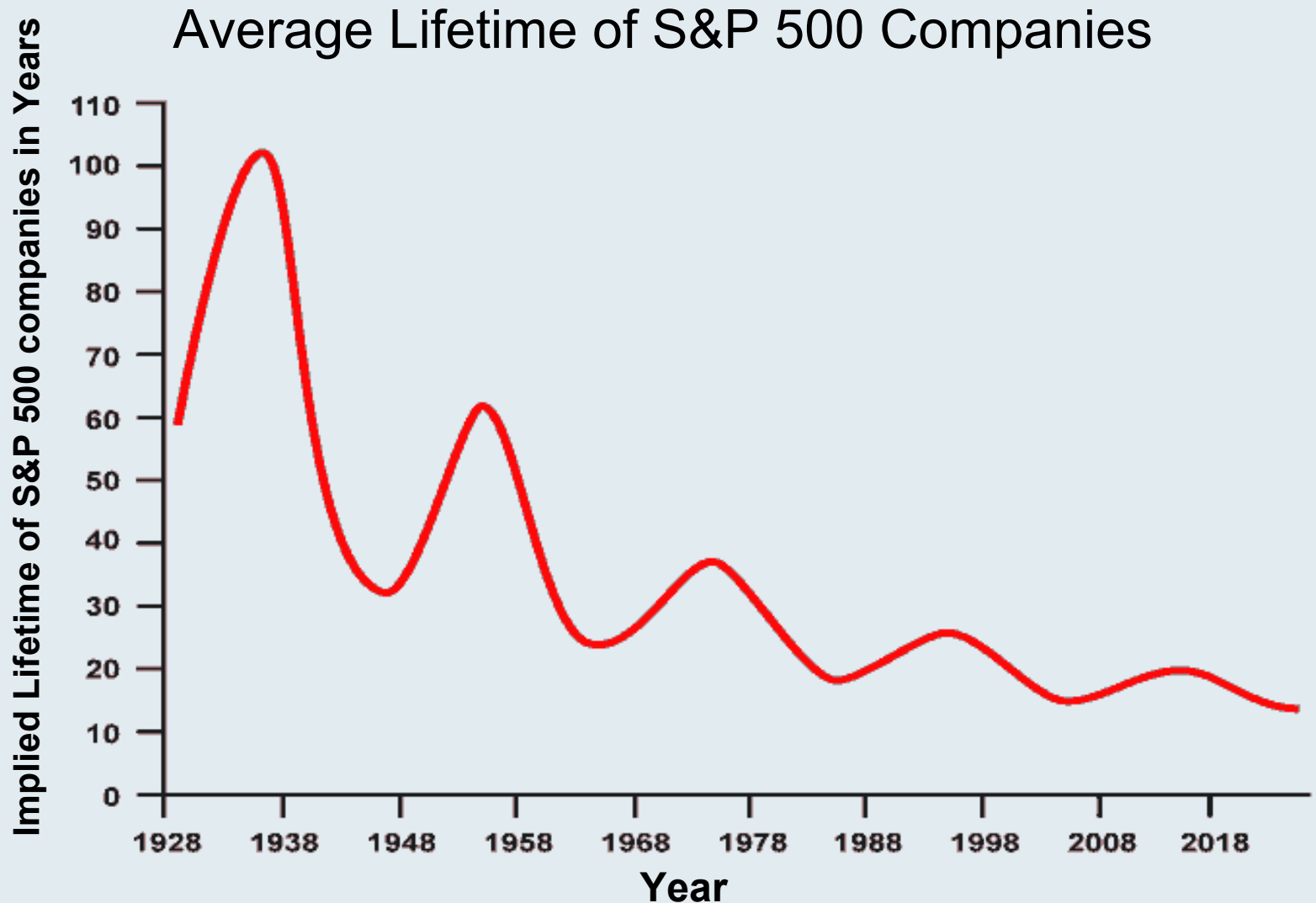
# Overview

*Ingredients needed for systematic creation of high-value innovation*



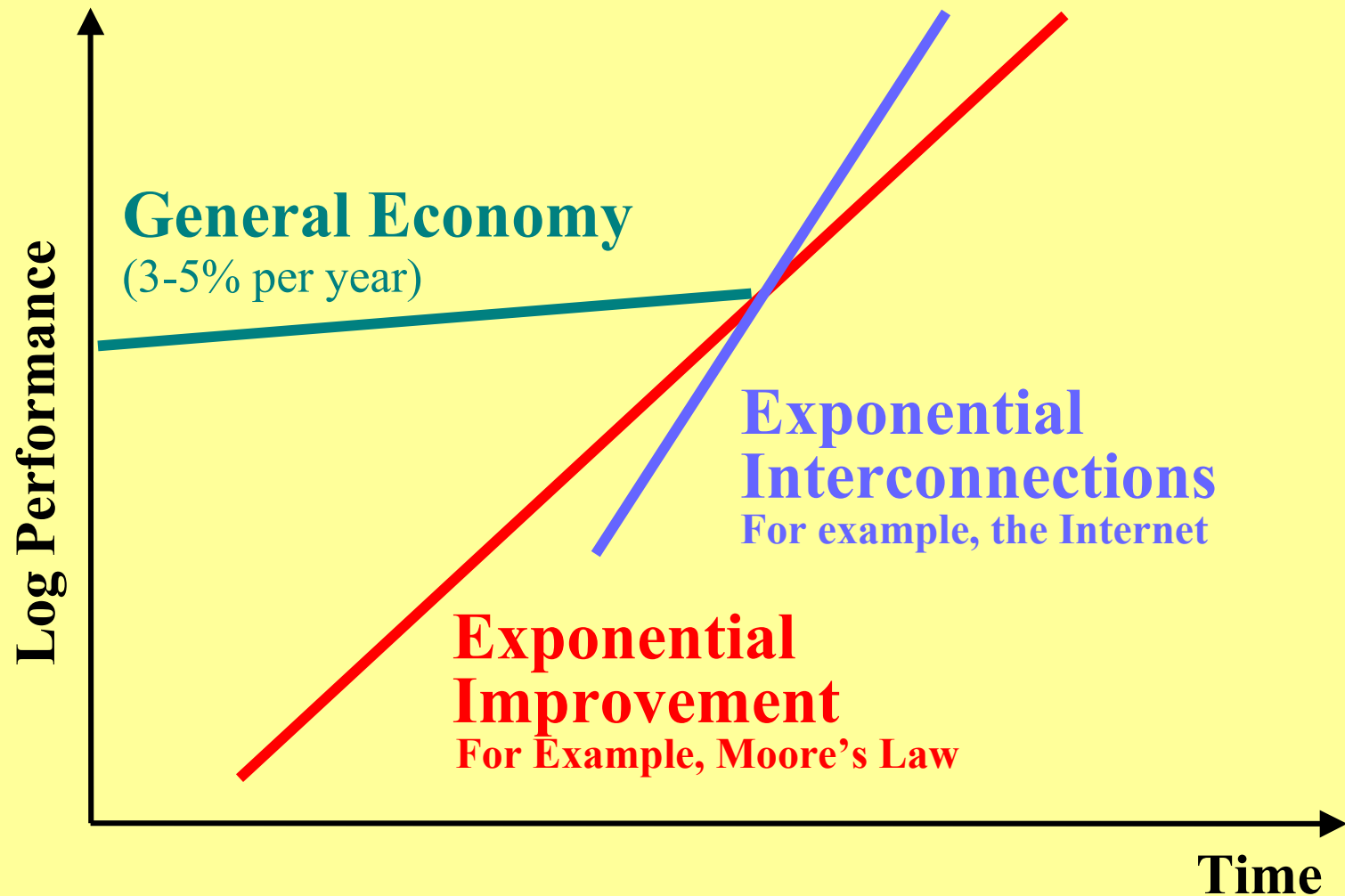
$$\text{Success} = \mathbf{N} \times \mathbf{C} \times \mathbf{T} \times \mathbf{V} \times \mathbf{H} \times \mathbf{O}$$

# Our World Punishes Poor Performance



# Exponential Economy

*An exciting, but demanding, attribute  
of the knowledge age*





# Does What You're Working on Really Matter?

- Are they really important client and market needs?
- Or are they just interesting?
- Do you have an ongoing process to identify and develop your most important opportunities?
  - For today's clients?
  - For future client and market opportunities?



# Why Important Client Needs and Not Interesting Ones?

- “Infinite” number of both
  - How many Important Client Needs are there?
  - Important Client Needs are *a/so* interesting
- Why “Important” and not “Interesting”?
  - Stay ahead of the “exponential improvement curve”
  - Raise resources
  - Attract the best people
  - Motivate your staff (24 x 7)
  - Learn new skills
  - *Make creative -- and/or financial -- impact*

# The Role of “Champions”

*Are you passionate about what you do?*



*"Never doubt that a small group of thoughtful committed people can change the world: indeed it's the only thing that ever has." Margaret Mead*

# Can You Do It Alone?



## Productive Teams

“Point of view is worth an extra 80 IQ points”

# Who Are Your Clients?

- Staff?
- Immediate boss?
- Governor?
- Voting public?
- Clients of services
- Future client and market opportunities?
- Others?

# What Is “Client Value”?

- Is value creation everyone’s job?
- How is value defined within the California Government?
- Who defines client value?
  - What are the quantitative metrics for success within the California Government?
  - For example,  $(\text{Quality} + \text{Convenience}) \div \text{Cost} = \text{Total Value}$
  - Do you have a common language for value?

## Value Proposition:

A statement of an important client problem (**Need**) that proposes the way (**Approach**) you will use client resources (\$\$\$) to deliver superior client features per unit cost (**Benefits**) compared to others in their market(s) (**Competition**).

# Do You Have a Systematic Process for Client Value Development?

- N** Customer and Market *Need*
- A** Our Compelling *Approach*
- B** Client *Benefits*
- C** Worldwide *Competition*

“NABC” captures the essential, defining ingredients of a Value Proposition

# Do You Apply and Celebrate the Human Imperatives?

## **DNA of Change**

*Desire  
New vision  
Action plan*

## **Dilbert's<sup>®</sup> Stock in Trade**

*Cynicism  
Distrust  
Misunderstandings*

## **FUD Factor**

*Fear  
Uncertainty  
Doubt*

## **3-Legged Stool of Cooperation**

*Shared vision  
Unique, complementary skills  
Shared rewards*

## **3 Commandments**

*Respect  
Integrity  
Generosity of spirit*

## **Motivation - FAIC**

*Freedom to do your job  
Achievement  
Involvement  
Community*

## **Personal Transformation**

*Vision A to Vision Z  
Learn new skills  
Meaning*



# “Organizational Alignment”

*Does anything stand in the way of exponential improvement?*

- Vision, strategy, and goals
- Transparency
- Rewards
- Common language
- Shared values

# Conclusions

- Innovation is the key to growth, prosperity, and quality of life
- We are moving to an “Exponential Economy”
- We have many, many huge market opportunities
- We must employ exponential innovation processes to thrive in the Exponential Economy
  - Applies to companies
  - Applies to government organizations